

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2018-82-S

IN RE: Application of Palmetto Wastewater)	
Reclamation, LLC for Adjustment of Rates)	SETTLEMENT
and Charges for, and the Modification of)	AGREEMENT
Certain Terms and Conditions Related to,)	
the Provision of Sewer Service)	

This Settlement Agreement is made by and among the South Carolina Office of Regulatory Staff (“ORS”) and Palmetto Wastewater Reclamation, LLC (“PWR” or the “Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”).

WHEREAS, On November 6, 2018, the Company filed an Application for Adjustment in Rates and Charges (the “Application”) with the Public Service Commission of South Carolina (“Commission”);

WHEREAS, the above-captioned proceeding has been established by the Commission pursuant to the procedure established in S.C. Code Ann. § 58-5-240 (2015) and 10 S.C. Code Regs. 103-512.4.A and 103-503 (2012), and the Parties to this Settlement Agreement are the only parties of record in the above-captioned docket;

WHEREAS, ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (Supp. 2018);

WHEREAS, as calculated by ORS, the Company provides wastewater collection and treatment services to 1,433 residential, mobile home, commercial and multi-family customers totaling approximately 7,934 total equivalent residential connections in Lexington and Richland Counties, South Carolina;

WHEREAS, ORS examined the books and records of the Company relative to the issues raised in the Application and conducted financial, business, and site inspections of PWR;

WHEREAS, ORS also examined all accounting and pro forma adjustments proposed by the Company, the Company's cost of service study and rate design, the Company's capital structure and cost of capital, and information related to the Company's operations;

WHEREAS, the Parties have varying positions regarding the issues in this case;

WHEREAS, the Parties engaged in discussions to determine if a settlement of some or all of the issues would be in their best interests and, in the case of ORS, in the public interest; and,

WHEREAS, following those discussions, the Parties determined that their interests, and ORS determined that the public interest, would be best served by entering into the following agreement resolving all issues pending in the above-captioned case under the terms and conditions set forth herein;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms, which, if adopted by the Commission in its Order addressing the merits of this proceeding, will result in rates and charges for wastewater service which are adequate, just, reasonable, nondiscriminatory , and which will allow the Company the opportunity to earn a reasonable return.

**A. STIPULATION OF AGREEMENT, TESTIMONY AND WAIVER OF CROSS-
EXAMINATION**

1. The Parties agree to stipulate into the record before the Commission the pre-filed testimony and exhibits (collectively, the "Stipulated Testimony") of the following witnesses without objection, change, amendment or cross-examination with the exception of changes comparable to those that would be presented via an errata sheet or through a witness noting a correction consistent with this Settlement Agreement. The Parties also reserve the right to engage

in redirect examination of witnesses as necessary to respond to issues raised by the examination of their witnesses by the Commission or by testimony by non-Parties.

PWR witnesses:

1. Andrena Power-Baker
2. Bryan D. Stone
3. Donald J. Clayton
4. Harold Walker, III
5. Mark S. Daday

ORS witnesses:

1. Christina L. Seale
2. David C. Parcell
3. Anthony Sandonato
4. Matthew P. Schellinger, II

The Parties further agree to present their witnesses to the Commission in support of this Settlement Agreement in panels if acceptable to the Commission.

2. The Parties agree to offer no other evidence in the proceeding other than the stipulated testimony and exhibits and this Settlement Agreement unless the additional evidence is to support the Settlement Agreement, consists of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction or clarification, consists of a witness adopting the testimony of another if permitted by the Commission, or is responsive to issues raised by examination of the Parties' witnesses by Commissioners, or by testimony by non-parties. The Parties agree that, provided the Commission approves, Company witness Stone may adopt the testimony of Company witness Daday. The Parties agree that, unless required by the Commission, Company witnesses Clayton and Walker and ORS witness Parcell shall not be required to be present for the hearing in this matter. The Parties agree that nothing herein will preclude each party from advancing its respective positions in the event that the Commission does not approve the Settlement Agreement.

B. SETTLEMENT AGREEMENT TERMS

3. As a compromise to positions advanced by the Parties, the Parties agree to the proposal set out immediately below, and this proposal is hereby adopted, accepted, and acknowledged as the Settlement Agreement by the Parties.

4. Without prejudice to the position of any Party in future proceedings (except as provided in paragraph 14 below), the Parties agree to accept all recommendations and adjustments in the testimony and exhibits of ORS witnesses unless changed by this Settlement Agreement.

Return on Common Equity, Revenue, Cost of Debt and Capital Structure

5. For purposes of this Settlement Agreement and in recognition of the mutual compromises contained herein, the Parties further agree that the Application, Stipulated Testimony, and this Settlement Agreement conclusively demonstrate the following: (i) the proposed accounting and pro forma adjustments appended to the Settlement Agreement as Attachment A are fair and reasonable and should be adopted by the Commission for ratemaking and reporting purposes; (ii) base rates generating a revenue increase of \$327,548 on an adjusted test-year basis are lawful, just, and reasonable when considered as a part of this Settlement Agreement in its entirety; (iii) rates in this proceeding shall be established based on a 9.93% return on common equity ("ROE") and a capital structure that includes 45% debt and 55% equity;¹ (iv) the Company's cost of debt is 5.23% (v) the Company's services are adequate and are being provided in accordance with the requirements set out in the Commission's rules and regulations pertaining to the provision of wastewater service; and, (vi) the Company's rates resulting from the Settlement Agreement are just and reasonable, and should be adopted by the Commission for service rendered by the Company.

¹ ORS's recommended ROE range was 9.2% to 10.0% with a midpoint of 9.60%. Absent a settlement agreement, ORS would not support an ROE as high as 9.93%.



6. Through the testimony of its cost of capital witness, the Company sought approval of an ROE of 10.75% and its Application requested a revenue increase of \$615,797. This Settlement Agreement provides for an ROE of 9.93% and a revenue increase of \$327,548.

7. The Parties agree to accept, for purposes of this Settlement Agreement, all proposals and recommendations put forth in the Settlement Agreement and Attachments A and B.

8. The Parties agree that the \$327,548 revenue increase, as shown in Attachment A to this Settlement Agreement, is appropriate, just and reasonable. Attachment B sets forth the proposed rate increases by rate schedule.

C. OTHER TERMS

9. The Tax Cuts and Jobs Act was enacted in December 2017 which changed the federal income tax rate from 34% to 21%. ORS has asserted that this act created benefits to customers that began accruing as of January 1, 2018, and as a result the Company has received excess revenues totaling \$97,771. The Company has agreed, solely for purposes of this settlement, to recognize the effect of this change by an adjustment to its pro forma net income for the period from and after January 1, 2018. In calculating the amount of this adjustment, the Parties will use the ORS audited financial information based on the twelve months beginning September 1, 2017 and ending August 31, 2018 ("Test Year"), which is the Test Year proposed by the Company in its Application. This adjustment will be implemented via a temporary reduction in the Company's monthly service charges reflected in Attachment B hereto in the amount of \$0.34 for residential, mobile home and commercial customers (per single family equivalent), same to be reflected on customer bills as a separate line item reduction for a three (3) year period beginning with the first monthly bill issued after approval of this Settlement Agreement. Thereafter, no such reduction is



required and Company shall be entitled to bill all customers at the full rate approved by the Commission.

10. The rate case expenses in this proceeding are agreed to be \$160,000 and shall be amortized over two years.

D. REMAINING SETTLEMENT AGREEMENT TERMS AND CONDITIONS

11. ORS is charged with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (Supp. 2018). S.C. Code § 58-4-10(B) reads in part as follows:

For purposes of this chapter, "public interest" means the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

12. The Parties agree that this Settlement Agreement is reasonable, is in the public interest, and is in accordance with law and regulatory policy. This Settlement Agreement in no way constitutes a waiver or acceptance of the position of any Settling Party in any future proceeding. This Settlement Agreement does not establish any precedent with respect to the issues resolved herein and in no way precludes any Party herein from advocating an alternative position in any future or concurrent proceeding.

13. The Parties agree to cooperate in good faith with one another in recommending and advocating to the Commission that this Settlement Agreement be accepted and approved by the Commission in its entirety as a fair and reasonable resolution of certain issues currently pending in the above-captioned proceeding and detailed here-in, and to take no action inconsistent with its adoption by the Commission. The Parties agree to use their best efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

14. The Parties agree that signing this Settlement Agreement (a) will not constrain, inhibit, impair, or prejudice their arguments or positions held in future or collateral proceedings; (b) will not constitute a precedent or evidence of acceptable practice in future proceedings; and (c) will not limit the relief, rates, recovery, or rates of return that any Party may seek or advocate in any future proceeding. Notwithstanding the foregoing, the Parties agree that this Settlement Agreement resolves all issues pending between them in Docket No. 2017-381-A. The Parties agree that this Settlement Agreement is in public interest when considered as a whole. If the Commission declines to approve this Settlement Agreement in its entirety, then any Party may withdraw from the Settlement Agreement without penalty or obligation.

15. This Settlement Agreement shall be interpreted according to South Carolina law.

16. The Parties represent that the terms of this Settlement Agreement are based upon full and accurate information known as of the date this Settlement Agreement is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Settlement Agreement is based, either Party may withdraw from the Settlement Agreement with written notice to the other Party.

17. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement, by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement.



[PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]

A handwritten signature in black ink, appearing to be "J. West" or similar, located in the bottom right corner of the page.

Representing the South Carolina Office of Regulatory Staff



April 2, 2019

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Representing Palmetto Wastewater Reclamation, LLC

A handwritten signature in blue ink, appearing to read "John M.S. Hoefer", is written over a horizontal line.

April 2, 2019

John M.S. Hoefer, Esquire
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Palmetto Wastewater Reclamation, LLC
Docket No. 2018-82-S
Operating Experience, Rate Base and Rate of Return Reflecting ORS's Proposed Increase
For the Test Year Ended August 31, 2018

<u>Description</u>	(1) <u>Per</u> <u>Application</u> \$	(2) <u>Accounting</u> <u>&</u> <u>Pro Forma</u> <u>Adjustments</u> \$	(3) <u>After</u> <u>Accounting &</u> <u>Pro Forma</u> <u>Adjustments</u> \$	(4) <u>ORS's</u> <u>Proposed</u> <u>Increase</u> \$	(5) <u>After</u> <u>Proposed</u> <u>Increase</u> \$
<u>Utility Operating Revenues:</u>					
Operating Revenues	3,257,650	81,454 (1)	3,339,104	327,548 (16)	3,666,652
<u>Total Utility Operating Revenues</u>	<u>3,257,650</u>	<u>81,454</u>	<u>3,339,104</u>	<u>327,548</u>	<u>3,666,652</u>
<u>Utility Operating Expenses:</u>					
Operating Expenses	946,889	569,952 (2)	1,516,841	3,275 (17)	1,520,116
Depreciation and Amortization	521,507	54,669 (3)	576,176	0	576,176
Taxes Other Than Income Taxes	580,530	64,739 (4)	645,269	1,545 (18)	646,814
Income Taxes	53,887	38,584 (5)	92,471	80,521 (19)	172,992
<u>Total Utility Operating Expenses</u>	<u>2,102,813</u>	<u>727,944</u>	<u>2,830,757</u>	<u>85,341</u>	<u>2,916,098</u>
<u>Net Utility Operating Income (Loss)</u>	<u>1,154,837</u>	<u>(646,490)</u>	<u>508,347</u>	<u>242,207</u>	<u>750,554</u>
Add: Other Income - AFUDC	16,578	(16,578) (6)	0	0	0
Less: Amortization of Debt Expense	35,437	(35,437) (7)	0	0	0
Add: Amortization of EDIT	0	0	0	13,662 (20)	13,662
<u>Net Income (Loss) for Return</u>	<u>1,135,978</u>	<u>(627,631)</u>	<u>508,347</u>	<u>255,869</u>	<u>764,216</u>
<u>Original Cost Rate Base:</u>					
Plant in Service	14,464,745	599,616 (8)	15,064,361	0	15,064,361
Accumulated Depreciation	(3,607,582)	(209,644) (9)	(3,817,226)	0	(3,817,226)
Contributions in Aid of Construction (CIAC)	(692,107)	(4,251) (10)	(696,358)	0	(696,358)
Accumulated Amortization of CIAC	403,288	4,421 (11)	407,709	0	407,709
Net Plant	10,568,344	390,142	10,958,486	0	10,958,486
Accumulated Deferred Income Taxes	(974,895)	(1,564) (12)	(976,459)	0	(976,459)
Excess Deferred Income Taxes (EDIT)	0	(456,531) (13)	(456,531)	0	(456,531)
Materials and Supplies	8,138	0	8,138	0	8,138
Prepayments	57,529	0	57,529	0	57,529
Cash Working Capital	286,541	(96,936) (14)	189,605	0	189,605
<u>Total Rate Base</u>	<u>9,945,657</u>	<u>(164,889)</u>	<u>9,780,768</u>	<u>0</u>	<u>9,780,768</u>
<u>Return on Rate Base</u>	<u>11.42%</u>		<u>5.20%</u>		<u>7.81%</u>
<u>Operating Margin</u>	<u>6.62%</u>		<u>8.33%</u>		<u>14.56%</u>
<u>Interest Expense</u>	<u>920,369</u>	<u>(690,179) (15)</u>	<u>230,190</u>	<u>0</u>	<u>230,190</u>

Palmetto Wastewater Reclamation, LLC
Docket No. 2018-82-S
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended August 31, 2018

ORS Adj. #	PWR Adj. #	Description	ORS	PWR
<u>Accounting and Pro forma Adjustments</u>				
(1)		<u>Operating Revenues</u>		
(1A)	(1)	To adjust residential revenues to reflect the most recent equivalent residential connections as calculated by the ORS Utility Rates Department.	\$ (26,407)	\$ (1,153)
(1B)	(2)	To adjust residential-mobile home park revenues to reflect the most recent equivalent residential connections as calculated by the ORS Utility Rates Department.	15,759	15,759
(1C)	(1), (2)	To adjust commercial revenues to reflect the most recent equivalent residential connections as calculated by the ORS Utility Rates Department.	(26,511)	(28,175)
(1D)	(1), (2), & (3)	To adjust multiple family dwelling revenues to reflect the most recent equivalent residential connections as calculated by the ORS Utility Rates Department.	113,244	(9,300)
(1E)		To reflect adjustments to other revenues at the end of the test year. This adjustment was provided by the ORS Utility Rates Department.	5,369	0
(1)		<u>Total Operating Revenues</u>	<u>\$ 81,454</u>	<u>\$ (22,869)</u>
(2)		<u>Operating Expenses</u>		
(2A)	(4)	To include legal and accounting costs in test year expenses.	\$ 7,275	\$ 7,275
(2B)	(5)	To annualize management fees for the ESG Operations Contract.	11,428	8,814
(2C)	(6)	To include cost related to software and support for camera truck.	725	938
(2D)	(7)	To annualize insurance for the test year.	(7,455)	762
(2E)	(8)	To amortize current rate case expenses over three years.	80,000	66,575
(2F)	(9)	To reflect bad debt expense at 1% of total revenue at present rates.	(48,485)	(49,528)

Palmetto Wastewater Reclamation, LLC
Docket No. 2018-82-S
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended August 31, 2018

ORS Adj. #	PWR Adj. #	Description	ORS	PWR
(2G)	(10)	To allocate allowable Ni America overhead costs to PWR.	544,402	549,703
(2H)		To remove expenses incurred outside of the test year.	(15,871)	0
(2I)		To remove nonallowable expenditures.	(2,067)	0
(2)		<u>Total Operating Expenses</u>	<u>\$ 569,952</u>	<u>\$ 584,539</u>
(3)		<u>Depreciation and Amortization</u>		
(3A)	(11)	To adjust depreciation expense to reflect new capital expenditures and other adjustments to plant in service.	\$ 58,067	\$ 55,186
(3B)	(12)	To adjust amortization of contributions in aid of construction.	(3,398)	(9,097)
(3)		<u>Total Depreciation and Amortization</u>	<u>\$ 54,669</u>	<u>\$ 46,089</u>
(4)		<u>Taxes Other Than Income Taxes</u>		
(4A)	(13)	To adjust utility regulatory assessment fees after the accounting and pro forma adjustments using a rate of 0.471772446%.	\$ (17,605)	\$ (18,190)
(4B)	(14)	To adjust property taxes to reflect new capital expenditures and adjusted net plant in service.	82,344	83,572
(4)		<u>Total Taxes Other Than Income Taxes</u>	<u>\$ 64,739</u>	<u>\$ 65,382</u>
(5)		<u>Income Taxes</u>		
(5A)	-	To adjust state income taxes on pro forma income at 5%.	\$ 12,198	\$ 677
(5B)	-	To adjust federal income taxes on pro forma income at 21%.	26,386	2,702
(5)		<u>Total Income Taxes</u>	<u>\$ 38,584</u>	<u>\$ 3,379</u>
(6)	(15)	<u>Other Income - AFUDC</u>		
		To remove AFUDC from test year income.	<u>\$ (16,578)</u>	<u>\$ (16,578)</u>

Palmetto Wastewater Reclamation, LLC
Docket No. 2018-82-S
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended August 31, 2018

ORS Adj. #	PWR Adj. #	Description	ORS	PWR
(7)	(16)	<u>Amortization of Debt Expense</u> To remove the amortization of debt expense. Debt expense is included in the calculation of the weighted average cost of debt for the calculation of interest expense.	\$ <u>(35,437)</u>	\$ <u>(35,437)</u>
(8)	-	<u>Plant in Service</u> To adjust gross plant in service as of 1/31/19. See Audit Exhibit CLS-3.	\$ <u>599,616</u>	\$ <u>594,730</u>
(9)	-	<u>Accumulated Depreciation</u> To adjust accumulated depreciation as of 1/31/19. See Audit Exhibit CLS-3.	\$ <u>(209,644)</u>	\$ <u>0</u>
(10)	-	<u>Contributions in Aid of Construction (CIAC)</u> To adjust contributions in aid of construction as of 1/31/19. See Audit Exhibit CLS-3.	\$ <u>(4,251)</u>	\$ <u>0</u>
(11)	-	<u>Accumulated Amortization of CIAC</u> To adjust the accumulated amortization of contributions in aid of construction as of 1/31/19. See Audit Exhibit CLS-3.	\$ <u>4,421</u>	\$ <u>0</u>
(12)	-	<u>Accumulated Deferred Income Taxes</u> To adjust accumulated deferred income taxes.	\$ <u>(1,564)</u>	\$ <u>(1,564)</u>
(13)	-	<u>Excess Deferred Income Taxes (EDIT)</u> To adjust rate base for the creation of an excess tax collection liability resulting from lower federal tax rates as calculated by the ORS Utility Rates Department.	\$ <u>(456,531)</u>	\$ <u>0</u>
(14)	-	<u>Cash Working Capital</u> To adjust cash working capital after accounting and pro forma adjustments. See Audit Exhibit CLS-5.	\$ <u>(96,936)</u>	\$ <u>57,887</u>

Palmetto Wastewater Reclamation, LLC
Docket No. 2018-82-S
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended August 31, 2018

ORS Adj. #	PWR Adj. #	Description	ORS	PWR
(15)	(16)	<u>Interest Expense</u>		
		To synchronize interest expense with the portion of rate base financed by debt.	\$ <u>(690,179)</u>	\$ <u>(696,982)</u>
<u>ORS's Proposed Increase</u>				
(16)		<u>Operating Revenues</u>		
(16A)	(17)	To adjust residential revenues to reflect the proposed rates as calculated by the ORS Utility Rates Department.	\$ 52,039	\$ 106,533
(16B)	(17)	To adjust residential-mobile home park revenues to reflect the proposed rates as calculated by the ORS Utility Rates Department.	1,561	3,054
(16C)	(17)	To adjust commercial revenues to reflect the proposed rates as calculated by the ORS Utility Rates Department.	80,357	156,633
(16D)	(17)	To adjust multiple family dwelling revenues to reflect the proposed rates as calculated by the ORS Utility Rates Department.	191,123	349,578
(16E)	-	To adjust other revenues to reflect the proposed rates as calculated by the ORS Utility Rates Department.	2,468	0
(16)		<u>Total Operating Revenues</u>	\$ <u>327,548</u>	\$ <u>615,798</u>
<u>Operating Expenses</u>				
(17)	(18)	To adjust bad debt expense at 1% of the total proposed increase to revenues at proposed rates.	\$ <u>3,275</u>	\$ <u>6,158</u>
(18)	(19)	<u>Taxes Other Than Income Taxes</u>		
		To adjust utility regulatory assessment fees after the proposed increase adjustments using a rate of 0.471772446%.	\$ <u>1,545</u>	\$ <u>2,905</u>

Palmetto Wastewater Reclamation, LLC
Docket No. 2018-82-S
Explanation of Accounting and Pro Forma Adjustments
For the Test Year Ended August 31, 2018

ORS Adj. #	PWR Adj. #	Description	ORS	PWR
(19)		<u>Income Taxes</u>		
(19A)	(21)	To adjust state income taxes on the proposed increase income at 5%.	\$ 16,137	\$ 30,337
(19B)	(20)	To adjust federal income taxes on the proposed increase income at 21%.	64,384	121,043
(19)		<u>Total Income Taxes</u>	<u>\$ 80,521</u>	<u>\$ 151,380</u>
(20)		<u>Amortization of EDIT</u>		
		To increase income by the annual amortization of excess deferred income taxes due to the Tax Cuts and Jobs Act. This adjustment was provided by the ORS Utility Rates Department.	\$ <u>13,662</u>	\$ <u>0</u>

Palmetto Wastewater Reclamation, LLC
Docket No. 2018-82-S
Weighted Cost of Capital
For the Test Year Ended August 31, 2018

Settlement Attachment A
Page 7 of 7

Description	Capital Structure	Application Per Books				After Accounting and Pro forma Adjustments				After ORS's Proposed Increase			
		Rate	Embedded Cost/Return	Overall Cost/Return	Income For Return *	Rate	Embedded Cost/Return	Overall Cost/Return	Income For Return *	Rate	Embedded Cost/Return	Overall Cost/Return	Income For Return *
Long-Term Debt	\$ 15,982,546	45.00%	5.23%	2.35%	\$ 234,071	\$ 4,401,346	5.23%	2.35%	\$ 230,190	\$ 4,401,346	5.23%	2.35%	\$ 230,190
Members' Equity	19,534,223	55.00%	16.49%	9.07%	901,907	5,379,422	5.17%	2.85%	278,157	5,379,422	9.93%	5.46%	534,026
Totals	\$ 35,516,769	100.00%		11.42%	\$ 1,135,978	\$ 9,780,768		5.20%	\$ 508,347	\$ 9,780,768		7.81%	\$ 764,216

PALMETTO WASTEWATER RECLAMATION LLC
 1713 WOODCREEK FARMS ROAD
 ELGIN, SC 29045
 (803) 699-2422

PROPOSED SETTLEMENT SEWER RATE SCHEDULE
EFFECTIVE , 2019

1. **MONTHLY CHARGE**

- a. Residential - Monthly charge per
single-family house, condominium,
villa or apartment unit \$37.92
- b. Mobile Homes \$28.30
- c. Commercial - Monthly charge per
single-family equivalent \$37.92
- d. The charges listed above are minimum charges and shall apply even if the
equivalency rating is less than one (1). If the equivalency rating is greater than
one (1), then the monthly charges may be calculated by multiplying the
equivalency rating by the monthly charge of \$37.92.
- e. Bills issued for monthly sewer service provided during the thirty-six (36) month
period beginning from and after the effective date of this rate schedule shall be
reduced thirty-four (\$0.34) cents for residential customers and mobile home
customers and thirty-four (\$0.34) cents per single family equivalent for
commercial customers. Bills issued for service provided from and after that
thirty-six (36) month period will be at the full rates shown above unless a
different rate is approved by the Public Service Commission after the effective
date of this rate schedule.

Commercial customers are those not included in the residential and mobile home
categories above and include, but are not limited to, hotels, stores, restaurants, offices,
industry, etc. Minimum commercial customer equivalency ratings may exceed one (1) in
some cases.

The Utility may, for the convenience of the owner, bill a tenant in a multi-unit building
consisting of four or more residential units which is served by a master sewer meter or a
single sewer connection. However, in such cases all arrearages must be satisfied before

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service will be provided to a new tenant or before interrupted service will be restored. Failure of an owner to pay for services rendered to a tenant in these circumstances may result in service interruptions.

2. **NONRECURRING CHARGES**

- a. Sewer service connection charge per single-family equivalent \$250.00
- b. The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating is less than one (1). If the equivalency rating is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

3. **NOTIFICATION, ACCOUNT SET-UP AND RECONNECTION CHARGES**

- a. Notification Fee: A fee of \$25.00 shall be charged each customer to whom the Utility mails the notice as required by Commission Regulation 103-535.1 prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost.
- b. Customer Account Charge: A fee of \$20.00 shall be charged as a one-time fee to defray the costs of initiating service.
- c. Reconnection charges: In addition to any other charges that may be due, a reconnection fee of \$250.00 shall be due prior to the Utility reconnecting service which has been disconnected for any reason set forth in Commission Regulation 103-532.4. Where an elder valve has been previously installed, a reconnection charge of thirty-five dollars (\$35.00) shall be due. The amount of the reconnection fee shall be in accordance with Commission Regulation 103-532.4 and shall be changed to conform with said rule as the rule is amended from time to time.

4. **BILLING CYCLE**

Recurring charges will be billed monthly. Nonrecurring charges will be billed and collected in advance of service being provided.

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5. **LATE PAYMENT CHARGES**

Any balance unpaid within twenty-five (25) days of the billing date shall be assessed a late payment charge of one and one-half (1½%) percent.

6. **TOXIC AND PRETREATMENT EFFLUENT GUIDELINES**

The Utility will not accept or treat any substance or material that has been defined by the United States Environmental Protection Agency ("EPA") or the South Carolina Department of Health and Environmental Control ("DHEC") as a toxic pollutant, hazardous waste, or hazardous substance, including pollutants falling within the provisions of 40 CFR §§ 129.4 and 401.15. Additionally, pollutants or pollutant properties subject to 40 CFR §§ 403.5 and 403.6 are to be processed according to the pretreatment standards applicable to such pollutants or pollutant properties, and such standards constitute the Utility's minimum pretreatment standards. Any person or entity introducing any such prohibited or untreated materials into the Company's sewer system may have service interrupted without notice until such discharges cease, and shall be liable to the Utility for all damages and costs, including reasonable attorney's fees, incurred by the Utility as a result thereof.

7. **REQUIREMENTS AND CHARGES PERTAINING TO SATELLITE SYSTEMS**

- a. Where there is connected to the Utility's system a satellite system, as defined in S.C. Code Regs. 61-9.505.8 or other pertinent law, rule or regulation, the owner or operator of such satellite system shall operate and maintain same in accordance with all applicable laws, rules or regulations.
- b. The owner or operator of a satellite system shall construct, maintain, and operate such satellite system in a manner that the prohibited or untreated materials referred to in Section 6 of this rate schedule (including but not limited to Fats, Oils, Sand or Grease), stormwater, and groundwater are not introduced into the Utility's system.
- c. The owner or operator of a satellite system shall provide Utility with access to such satellite system and the property upon which it is situated in accordance with the requirements of Commission Regulation 103-537.
- d. The owner or operator of a satellite system shall not less than annually inspect such satellite system and make such repairs, replacements, modifications, cleanings, or other undertakings necessary to meet the requirements of this Section 7 of the rate schedule. Such inspection shall be documented by written reports and video recordings of television inspections of lines and a copy of the inspection report received by the owner or operator of a satellite

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system, including video of the inspection, shall be provided to Utility. Should the owner or operator fail to undertake such inspection, Utility shall have the right to arrange for such inspection and to recover the cost of same, without mark-up, from the owner or operator of the satellite system.

- e. Should Utility determine that the owner or operator of a satellite system has failed to comply with the requirements of this Section 7 of the rate schedule, with the exception of the requirement that a satellite system be cleaned, the Utility may initiate disconnection of the satellite system in accordance with the Commission's regulations, said disconnection to endure until such time as said requirements are met and all charges, costs and expenses to which Utility is entitled are paid. With respect to the cleaning of a satellite system, the owner or operator of a satellite system shall have the option of cleaning same within five (5) business days after receiving written notice from Utility that an inspection reveals that a cleaning is required. Should the owner or operator of such a satellite system fail to have the necessary cleaning performed within that time frame, Utility may arrange for cleaning by a qualified contractor and the cost of same, without mark-up, may be billed to the owner or operator of said system.

8. **CONSTRUCTION STANDARDS**

The Utility requires all construction to be performed in accordance with generally accepted engineering standards, at a minimum. The Utility from time to time may require that more stringent construction standards be followed in constructing parts of the system.

9. **EXTENSION OF UTILITY SERVICE LINES AND MAINS**

The Utility shall have no obligation at its expense to extend its utility service lines or mains in order to permit any customer to discharge acceptable wastewater into its sewer system. However, anyone or any entity which is willing to pay all costs associated with extending an appropriately sized and constructed main or utility service line from his/her/its premises to an appropriate connection point on the Utility's sewer system may receive service, subject to paying the appropriate fees and charges set forth in this rate schedule, complying with the guidelines and standards hereof, and, where appropriate, agreeing to pay an acceptable amount for multi-tap capacity.

10. **CONTRACTS FOR MULTI-TAP CAPACITY**

The Utility shall have no obligation to modify or expand its plant, other facilities or mains to treat the sewerage of any person or entity requesting multi-taps (a commitment for five or more taps) unless such person or entity first agrees to pay an

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acceptable amount to the Utility to defray all or a portion of the Utility's costs to make modifications or expansions thereto.

11. **SINGLE FAMILY EQUIVALENT**

A Single Family Equivalent (SFE) shall be determined by using the wastewater design loading guidelines found in 6 S.C. Code Ann. Regs. 61-67 Appendix A (Supp. 2016). Where the Utility has reason to suspect that a person or entity is exceeding design loadings established by these guidelines, the Utility shall have the right to request and receive water usage records from that person or entity and/or the provider of water to such person or entity. Also, the Utility shall have the right to conduct an "on premises" inspection of the customer's premises. If it is determined that actual flows or loadings are greater than the design flows or loadings, then the Utility shall recalculate the customer's equivalency rating based on actual flows or loadings and thereafter bill for its services in accordance with such recalculated loadings.

12. **TAMPERING CHARGE**

In the event the Utility's equipment, mains, service lines, elder valves, or other plant or facilities have been damaged or tampered with by a customer, the Utility may charge the customer responsible for the damage the actual cost of repairing the Utility's equipment, plant or facilities not to exceed \$250.00. The tampering charge shall be paid in full prior to the Utility re-connecting service or continuing the provision of service. This charge shall be in addition to any notification, reconnection, or similar charges that the Utility is entitled to impose under this rate schedule or under Commission orders, rules, and regulations.

13. **LIMITATION OF LIABILITY**

The liability of the Utility, its officers, employees, and agents for damages arising out of the interruption of service or failure to furnish service, whether caused by acts or omissions, shall be limited to those remedies provided in the Commission's rules and regulations governing wastewater utilities.